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November 15, 1993

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, D.C. 20554

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COMMISSION
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Re: In the Matter of: United States Telephone Association Petition for
Rulemaking, RM - 8356

Dear Mr. Caton,

Enclosed herewith for filing are the original and nine (9) copies of MCI Telecommunications Corporation's Reply Comments in the above captioned matter. Please acknowledge receipt by affixing an appropriate notation on the copy of the MCI Petition furnished for such purpose and remit same to the bearer.

Yours truly,

Michael F. Hydock
Senior Staff Member
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of:

Reform of the Interstate
Access Charge Rules

RM-8356

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REPLY COMMENTS

By Public Notice dated October 1, 1993, the Commission requested interested parties to file comments regarding the United States Telephone Association's (USTA) Petition for Rulemaking (USTA PRM) filed September 17, 1993. On November 1, 1993 parties representing all portions of the telecommunications industry filed comments on the USTA PRM. MCI Telecommunications Corporation (MCI) is pleased to offer these reply comments on USTA's Petition for Rulemaking, and discusses some of the many issues raised within this Petition involving local exchange company (LEC) access charge rules and the prospective reform of those rules.

Comments by the parties in this proposed rulemaking request divide into predictable areas. Local exchange carriers (LECs) and their associations primarily support the USTA PRM, some even indicating that the draconian changes proposed by

USTA do not go far enough.¹ Interexchange companies (IXCs) and other groups generally criticize the USTA proposal, demonstrating that the level of competition assumed by USTA was pure fiction. Therefore, the rules proposed by USTA were at the very least premature, and more than likely, ill-conceived and self-serving.² Given that there has been no substantive showing by the LECs that the current level of competition justifies the virtual elimination of pricing rules and earnings constraints, the Commission should reject the USTA proposal.

If anything is clear from the comments filed, it is that there is a diametrically opposed perception of the current and near-term state of competition in the access services arena. On the one hand, the LECs have produced unsupported comments fraught with hyperbole regarding the level of competition, propagating a portrait of the access market as a wild competitive frenzy. LECs not only point to existing competitive access providers as proof of the competitive environment, but they also stretch into the realm of still unproven futuristic alternatives by pointing to such unproven local loop substitutes as wireless technologies and cable television. However, the parties supporting the USTA PRM make no showing whatsoever that indicates access consumers today, or even over the next few years, will have realistic, full service competitive alternatives to the LEC monopoly. Rather, those supporters continue to exaggerate the scope of

¹See, for example, Comments of the NYNEX Telephone Companies, pp. 8-9; Comments of Pacific Bell and Nevada Bell, p. 1.

²See, for example, Comments of American Telephone and Telegraph, pp. 4-5; Comments of the Ad Hoc Telecommunications Users Group, pp. 3-10; Opposition of Competitive Telecommunications Association, pp. 1-4; Comments of Sprint Communications Co., p. 2.

competitive alternatives to reaching the end user. In those few cases in extremely limited geographical settings, where some alternative sources of access are available for niche products, the Commission has already allowed LECs more than ample opportunities to react to this limited competition.

Since the element of "competition" is the all-encompassing underpinning of the rationale behind the USTA PRM, it is required that appropriate quantitative measures of competition take place before proceeding towards a Notice of Proposed Rulemaking (NPRM). As AT&T has pointed out in its comments, less than one percent of all access expenses are paid to competitive access providers (CAPs). It is only in certain geographical areas and for a few categories of services that CAPs offer alternatives to LEC transport. In all cases, IXC's are still captive to LECs for switched access origination and termination that traverses the local loop to the end user. Thus the facts regarding competition belie the rhetoric of the LECs.

Given the lack of showing that LECs currently, or even in the short term, face actual competitive markets with IXC's having the capability of choosing among several ubiquitous full-service alternatives, the USTA PRM should be rejected. Rather, the Commission should issue a Notice of Inquiry that will serve to allow interested parties comment on the current and future state of competition in the local exchange marketplace.

CONCLUSION

For the reasons stated above, MCI urges the Commission to reject USTA's proposal for a rulemaking at the present time and instead begin a Notice of Inquiry on the future of access charge changes.

Respectfully submitted,

MCI TELECOMMUNICATIONS
CORPORATION

A handwritten signature in black ink, reading "Michael F. Hydock". The signature is written in a cursive, flowing style.

Michael F. Hydock
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Dated: November 15, 1993

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on November 15, 1993.



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CERTIFICATE OF SERVICE

I, Susan A. Travis, do hereby certify that true and correct copies of the foregoing **"REPLY COMMENTS"** were served this 15th day of November, 1993, by first-class mail, postage prepaid, upon the parties listed below.

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